

Message Text

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E.O. 11652: GDS

TAGS: ECON, EAID, CG

SUBJECT: IBRD CONSULTATIVE GROUP FOR ZAIRE

REF: A) KINSHASA 6125; B) KINSHASA 6052

1. DURING MEETING I REQUESTED JULY 20, BISENGIMANA IMMEDIATELY RAISED THE IBRD PROBLEM. HE REITERATED HIS DISMAY THAT THE BANK SHOULD DECIDE TO REDUCE ITS SUPPORT FOR ZAIRE JUST WHEN IT WAS NEEDED MOST AND WHEN THE GOZ, DESPITE ALL ITS SHORTCOMINGS, WAS TRYING ITS BEST TO GET ON TOP OF THE CURRENT FINANCIAL CRISIS. IN BISENGIMANA'S VIEW, THIS SHOWED TOTAL LACK OF UNDERSTANDING AND SYMPATHY BY THE BANK FOR ZAIRE'S DIFFICULT SITUATION. HE ATTRIBUTED MUCH OF RESPONSIBILITY FOR THIS ATTITUDE TO MIDDLE AND UPPER LEVEL BUREAUCRATS WITHIN THE BANK WHO, OFTEN BECAUSE OF THEIR OWN POLITICAL INCLINATIONS, SEEMED DETERMINED TO TURN THE BANK'S LEADERSHIP AGAINST ZAIRE. BISENGIMANA MADE CLEAR HE CONSIDERED WIEHEN TO BE AMONG THIS GROUP, AND AS EXPECTED HE HAD SOME PRETTY HARSH WORDS FOR THE WAY WIEHEN HAD MADE HIS PITCH LAST WEEK.

2. I TOLD BISENGIMANA THAT I WAS AWARE OF WIEHEN'S VISIT AND WAS PERSONALLY DISTRESSED THAT PROBLEMS HAD ARISEN. NOTING THAT I WAS CONFIDENTIAL

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SPEAKING WITHOUT INSTRUCTIONS, I EXPRESSED THE HOPE THAT THIS

MATTER WOULD NOT DEVELOP INTO MAJOR OR PERMANENT STRAINS BETWEEN THE GOZ AND THE IBRD, WHICH HAS BEEN OF SO MUCH HELP IN THE PAST AND WHOSE RESOURCES GAVE IT THE POTENTIAL TO PLAY AN EVEN MORE HELPFUL ROLE IN THE FUTURE. IN THIS CONNECTION I RECALLED McNamara's personal efforts a few months ago to assist in putting together financing for SMTF and noted that the bank's cooperation in this and other projects critically important to Zaire's development would surely be needed in the future.

3. BISENGIMANA ACKNOWLEDGED THAT McNamara had indeed been cooperative and reiterated his belief that those working more directly on Zaire were primarily responsible for the bank's "bad faith". He said it would be up to President Mobutu to decide how he wants to reply to McNamara's letter once the president returns to town.

4. I THEN SWITCHED TO THE QUESTION OF THE CONSULTATIVE GROUP, NOTING MY UNDERSTANDING THAT THE BANK WAS READY TO RECONVENE THE GROUP IF THE GOZ AGREED. I SAID THAT, WHILE I HAD NO INSTRUCTIONS ON THIS SPECIFIC POINT EITHER, WE HAD LONG BELIEVED THAT SOME FORM OF CLOSER COORDINATION AMONG DONORS AND THE GOZ WOULD BE USEFUL IN VIEW OF THE MAGNITUDE OF ZAIRE'S PROBLEMS AND AS A MEANS FOR POSSIBLY INCREASING AND MAKING THE MOST EFFICIENT USE OF AVAILABLE RESOURCES. WHILE NOT REJECTING IDEA OF CONSULTATIVE GROUP MEETING, BISENGIMANA SHOWED LITTLE ENTHUSIASM AND INDICATED THAT CONSIDERATION OF THE MATTER WOULD BEST BE DEFERRED AT LEAST UNTIL AFTER THE CREDITORS MEET AT THE END OF THE YEAR TO DISCUSS 1977 DEBT RESCHEDULING. HE ALSO QUESTIONED THE UTILITY OF THE OLD CONSULTATIVE GROUP VENUE, WHICH HE THOUGHT DISCOURAGED REAL DIALOGUE. IN RESPONSE TO MY QUERY CONCERNING OTHER FORMATS FOR CONSULTATIONS THAT MIGHT BE MORE ACCEPTABLE TO THE GOZ, BISENGIMANA SUGGESTED ONE WAY TO START OFF WOULD BE FOR AMBASSADORS OF US, FRANCE AND BELGIUM -- THE THREE PRINCIPAL DONOR COUNTRIES-- TO MEET INFORMALLY WITH GOZ IN KINSHASA TO COORDINATE THEIR RESPECTIVE AID PROGRAMS AND THEN GRADUALLY EXPAND THE GROUP TO INCLUDE LESSER DONOR GOVERNMENTS AS WELL AS INTERNATIONAL INSTITUTIONS. WE AGREED THIS WAS ONE OF SEVERAL IDEAS THAT SHOULD BE GIVEN FURTHER THOUGHT.

5. COMMENT: MY TALK WITH BISENGIMANA REINFORCES MY BELIEF
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(REFTELS) THAT FOR THE TIME BEING WE SHOULD NOT RPT NOT MAKE MAJOR PITCH IN SUPPORT OF RECONVENING THE CONSULTATIVE GROUP. IN THIS CONNECTION, DESPITE WHAT WIEHEN INDICATED TO ME RE ASSURANCES OF BELGIAN SUPPORT, MY TALK WITH BELGIAN AMBASSADOR YESTERDAY REVEALED THAT HE DOES NOT INTEND TO GO BEYOND EXPRESSING GENERAL HOPE THAT GOZ WILL TAKE THE BANK'S WORDS SERIOUSLY. I SUGGEST WE LET TEMPERS HERE COOL A BIT WITH THE IDEA THAT LATER ON THE GOZ MIGHT PROVE MORE RECEPTJFQOTO THE IBRD'S

PROPOSAL FOR A CONSULTATIVE GROUP MEETING THAN IT OBVIOUSLY IS NOW. AT THE SAME TIME, HOWEVER, I THINK WE SHOULD GIVE FURTHER CONSIDERATION TO ALTERNATIVE FORMATS FOR CONSULTATIONS, INCLUDING STARTING WITH AN INFORMAL "CORE GROUP" OF DONORS AS SUGGESTED BY BISENGIMANA. I ALSO THINK WE SHOULD BE ALERT TO WAYS BY WHICH WE MIGHT HELP IN HEADING OFF ANY MAJOR, OPEN DISPUTE BETWEEN THE GOZ AND THE BANK, WHICH COULD HAVE HARMFUL EFFECTS ON ZAIRE WITH RESPECT TO BOTH THE BANK'S FUTURE WILLINGNESS TO HELP AND THE ATTITUDES OF OTHER DONOR GOVERNMENTS AND INSTITUTIONS. UNLESS INSTRUCTED OTHERWISE, WHEN THE OPPORTUNITY ARISES I INTEND TO SPEAK TO MOBUTU ON THIS POINT IN LOW KEY ALONG THE SAME LINES I SPOKE TO BISENGIMANA. IN THE MEANTIME, THE DEPARTMENT MAY WISH TO CONTACT THE BANK FOR THE SAME PURPOSE.

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